

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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**Date:** 12/12/2013

## Egypt

### Citrus Annual Report 2013/2014

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**Report Highlights:**

Post forecasts orange production at roughly 2.5 MMT in MY2013/2014, up by 5 percent or 120 TMT compared to MY2012/2013. The increase in production results from an increase in area planted and harvested and the total number of bearing trees. The total area harvested is forecast to increase slightly by 1.6 percent or 2,100 hectares (ha) to roughly 133,236 ha compared to the preceding year. Fresh domestic consumption in MY2013/2014 is likely to increase slightly less than 1 percent or 10 TMT at approximately 1.375 MMT. For the new marketing year, exports are projected at 1.1 MMT, up 10 percent or 100 TMT compared to the previous marketing year.

## **Executive Summary:**

Egypt is likely to retain its position as the world's sixth largest orange producer and the second biggest exporter in MY2013/2014. Post forecasts orange production at roughly 2.5 MMT with exports at 1.1 MMT, up 10 percent compared to the previous season. This increase in production and exports is attributed to the increase in total area harvested and the number of fruit bearing trees. Fresh domestic consumption is likely to increase less than 1 percent or 10 TMT at approximately 1,375 MMT. Roughly 63 percent of the total crop is consumed fresh, while 3.6 percent is consumed as juice.

In MY2012/2013, the European Union, Russia, Saudi Arabia, Ukraine, the United Arab Emirates and Iraq were Egypt's top export markets and post foresees no major export destination changes for this new marketing year. South Africa is Egypt's main export competitor in the leading export markets. Other competitors include Turkey, Spain, Morocco, the United States, China, Australia, and Argentina.

## **Commodities:**

Oranges, Fresh

## **Area Planted:**

Post forecasts Egypt's MY2013/2014 total area planted to increase slightly by 1.6 percent or 2,100 ha at roughly 133,236 ha versus 131,136 ha for MY 2012/13. In the last two years citrus exports in general and oranges shipments in particular have increased and are expected to climb this marketing year. This encourages farmers to increase total area planted to grow more oranges.

The increase in total area planted coupled with better growing conditions this season will drive up the harvest area and the total number of fruit bearing trees. Post forecasts Egypt's MY2013/2014 total area harvested to increase by 2,000 ha to 115,000 ha versus 113,000 ha this past marketing year. The total number of fruit bearing trees is forecasted to increase by 200 thousand trees to 9.1 million trees compared to MY 2012/13.

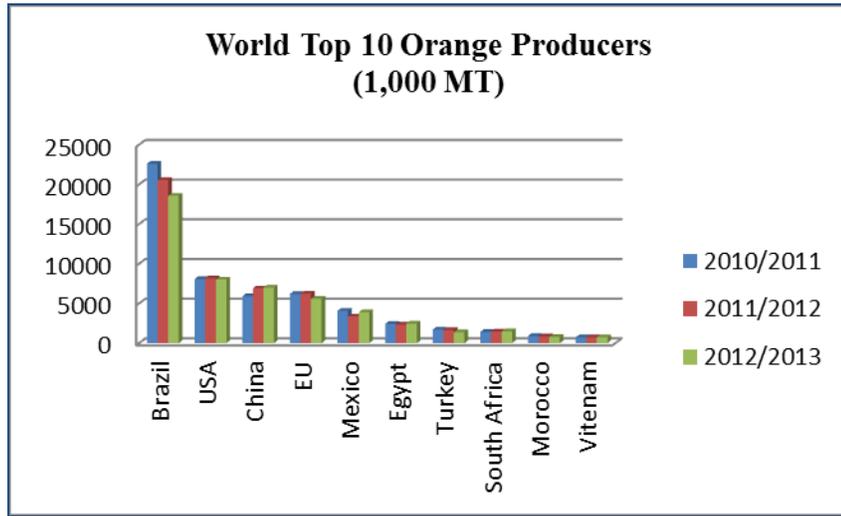
The MY2012/13 season saw an increase in total area harvested and total number of fruit bearing trees due to better growing weather conditions, and this is expected to continue during MY2013/2014. In MY2012/2013 season, area harvested and total number of bearing trees was lower than the preceding year due to a combination of very high summer temperatures combined with high aphid infestation.

## **Production:**

Post forecasts orange production at roughly 2.56 MMT in MY2013/2014, up by 5 percent compared to MY2012/2013. The expected increase in production will result from an increase in the number of bearing trees and area planted and harvested. Egypt is likely to retain its position as the world's sixth largest orange producer. Post forecasts orange processing volume to remain flat at 85,000 MT, or around 3.6 percent of MY2013/2014's estimated total production.

Oranges are cultivated in almost all of Egypt's 27 governorates. However, the country's main production area is concentrated in the Nile Delta governorates of Qalyoubia, Beheira, Sharqiya, Ismailia, and Menufia. Navel oranges are the primary variety grown in Egypt, accounting for 60 percent of total production. Along with navel oranges, the other five main varieties grown in Egypt include Baladi (local), Valencia, blood, Khalily (local), and the Sukkari/ sweet orange (local). Navel and Valencia are the main varieties grown for export. Egypt has

different varieties of oranges that grow along the Delta Region and the Nile. For additional information on varieties grown in Egypt, see [Egypt Citrus Annual 2011/2012](#).



Source: USDA

Mediterranean fruit fly (*Ceratitis Capitata*) is the main economic pest negatively affecting production and exports. The government is funding the “Fruit Fly Resistance Project” that aims to control the spread of this pest and administers other regulations that have been in place in order to control the quality of the exported fruit. Although the Egyptian Government has expanding Egyptian citrus exports, complaints have been raised by some importing countries (Russia and Ukraine) that have found some shipments infected by fruit fly. To mitigate fruit fly presence, cold treatment is required by some importing countries. Egypt also has peach fruit fly.

**Consumption:**

Post forecasts fresh domestic consumption in MY2013/2014 to increase by less than 1 percent at approximately 1.375 MMT. Roughly 63 percent of the orange crop is consumed fresh, while 3.6 percent is consumed as juice. We estimate per capita orange consumption at roughly 33 kilograms per annum. Orange is one of the favorite fruits for Egyptian consumers during the winter season. Egyptians consume large amounts of oranges given the fruit’s affordability compared to other winter fruits.

	Price in EG
<b>Navel Orange</b>	175-700 EGP. Piaster/Kg
<b>Local Orange</b>	200-350 EGP. Piaster/Kg
<b>Sweet Orange</b>	200-350 EGP. Piaster/Kg

<b>Valencia Orange</b>	200-350 EGP. Piaster/Kg
<b>Table ( ): Local wholesale prices for Oranges (Last week of November 2013)</b>	
	<b>Price in EG</b>
<b>Navel Orange</b>	1.50 EGP. Piaster/Kg
<b>Local Orange</b>	150 EGP. Piaster/kilo
<b>Sweet Orange</b>	2.00 LE /Kg
<b>Valencia Orange</b>	3.00 LE /Kg
Source: Ministry of Finance	
100 EGP piaster = 14.5 U.S. cents	

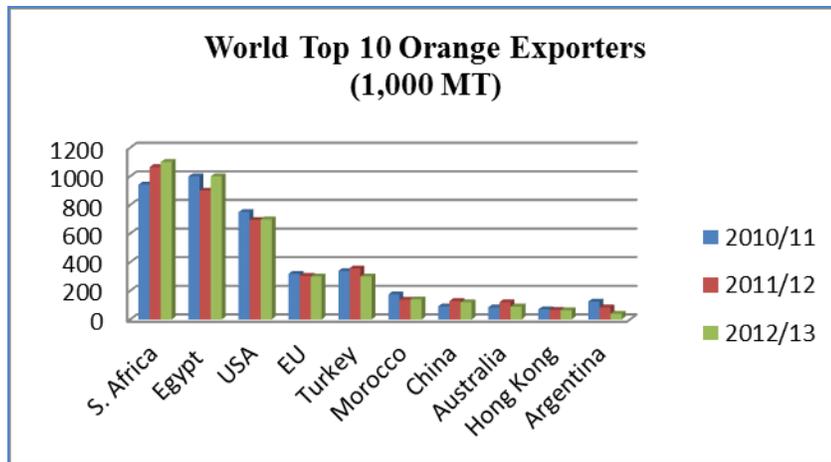
The orange market in Egypt is frequently subject to price fluctuations. Orange prices can change as many as three times per day. Prices also differ per geographical area so that prices in the neighborhoods of the working poor areas are very low versus prices in high end residential areas. Lower prices are usually found at the large wholesale markets outside of Cairo (such as El-Obour Wholesale Market and 6<sup>th</sup> of October Wholesale Market), as the wholesale markets sell in bulk at wholesale prices.

In 2013, as a result of the economic and political situation, prices of some products including fruits and vegetables have increased. In the last week of November 2013, one kilogram of navel orange was sold at 175-700 Egyptian piasters per kilogram while the regular price was 125- 400 Egyptian piasters per kg. This prompted the government in an attempt to control prices to announce indicative prices for some food products every week. The Ministry of Supply and Internal Trade continues to encourage traders to abide by these prices. However, traders deal in market-determined prices which remain above the indicative prices. This does not affect orange consumption as consumers still find oranges less expensive than other fruits.

In all, oranges are the cheapest fruit available. For instance, bananas are sold at 350-1000 piasters per kilogram while local apples are sold at 600-1200 piasters per kg. Grapes sell at 350-700 piasters/kg. and strawberries typically retail at between 850 and 2000 piasters a kilogram.

### **Trade:**

Post forecasts orange exports in MY2013/2014 at 1.1 MMT up 10 percent compared to the previous marketing year. Egypt will likely remain the world's second largest orange exporter after South Africa in MY2013/2014. FAS Cairo attributes this export increase principally to the expanded supply owing to the rise in area harvested and in the number of fruit bearing trees resulting in competitive pricing. With the way having been cleared on plant protection grounds for Egypt to export oranges and tangerines to the U.S. (cold treatment training remains to be completed), Egypt is also waiting to do business with this new market. Egyptian oranges have better export conditions compared to some other export competitors. The increased value of the U.S. dollar relative to the Egyptian pound to the extent that Egyptian export contracts for oranges are U.S. dollar denominated than Egyptian suppliers make bigger profit. Oranges are exported primarily November through May.



Source: USDA

In MY2012/2013, the European Union, Russia, Saudi Arabia, Ukraine, the United Arab Emirates and Iraq were Egypt's top export destinations. Post foresees no major export destination changes for MY2013/2014. Russia is Egypt's top export market and absorbs roughly 25 percent of Egypt's total orange exports. We expect that Russia will remain the top export destination in this new marketing year. Industry sources expect orange exports to Iraq to also increase during MY2013/2014.

Iran used to be the third largest buyer of Egyptian oranges, but in 2010, Iran banned imports of 48 agricultural products from around the world, of what they described as non-essential products including Egyptian oranges. However, in January 2012, the Iranian Government rescinded the ban only to re-impose it in 2013. In MY2010/2011, Egyptian exports to Iran were roughly 100 TMT and dropped by 30 percent to 70 TMT in MY2011/2012. There were no recorded orange exports to the Iranian market during MY2012/2013. Sources indicate this is explained by many reasons. The sanctions that have been imposed by the U.S. and the European Union against Iran affected the ability of importers to pay Egyptian suppliers through the normal channels. Another factor is the lack of confidence among Egyptian exporters in the Iranian market as a result of the reapplied import ban. We anticipate a continuance of these challenges which impact Egyptian orange exports to Iran in MY2013/2014.

Media reports refer to orange contraband trade to Gaza through the tunnels used for smuggling. According to trade sources, around 12 -15 TMT/year of contraband Egyptian oranges are exported to the Gaza Strip through these tunnels. These same sources indicated that local authorities in Gaza sometimes interdict these imports to protect Gaza's own orange production.

In August 2013, the United States Department of Agriculture issued a Federal Register Notice approving the importation of fresh oranges and tangerines from Egypt. Cold treatment training for Egyptian inspectors and exporters has yet be scheduled, a required step before any import permits are issued. The increased value of the U.S. dollar relative to the Egyptian pound to the extent that Egyptian export contracts for oranges are U.S. dollar denominated than Egyptian suppliers make bigger profit. Oranges are exported primarily November through May. The current exchange rate for 1 USD is LE 6.88 compared to LE 6.00 in 2012.

## Marketing:

South Africa is Egypt's main export competitor in the international marketplace. Other competitors include Turkey, Spain, Morocco, the United States, China, Australia, and Argentina. South Africa, Turkey, Spain and Morocco are Egypt's main competitors in the Russian market for which is Egypt is the main supplier.

Competitors	Table (2) Egypt's Main Export Destinations							
	Calendar Year	Ukraine	Saudi Arabia	Russia	UAE	Iran	UK	Netherlands
Egypt	2012	263,731	171,566	175,596	168,644	73,375	43,301	39,957
	Till July 2013	68,283	174,921	203,053	66,104	0	58,907	51,415
S. Africa	2012	6,827	58,485	48,706	51,530	115	43,968	139,460
	Till Aug. 2013	4,971	57,617	55,725	66,924	0	48,077	138,077
U.S.A	2012	0	469	476	2,971	0	0	324
	Till Aug. 2013	0	1,161	165	8,079	0	1	137
Turkey	2012	5,060	484	24,494	12	30,490	267	67
	Till Sep. 2013	16,549	41	26,887	357	0	938	74
Spain	2012	0	5,503	11,997	5,334	0	82,650	108,459
	Till July 2013	0	5,621	12,593	6,329	0	77,395	123,581
China	2012	0	266	8,431	1,865	2,150	0	0
	Till Sep. 2013	0	0	5,553	188	0	0	0
Morocco	2012	0	605	42,613	0	0	2,958	43,761
	Till July 2013	0	100	17,995	0	0	2,277	25,093
Australia	2012	0	1,361	236	4,083	0	63	133
	Till Sep. 2013	0	697	140	2,796	0	240	44
Argentina	2012	0	509	4,562	24	0	237	16,328
	Till Sep. 2013	0	172	249	24	0	295	16,126

Source: GTA Numbers in Metric Tons  
 Note: Comparable marketing year data for Egypt's competitors is not available.

In late November 2013, the European Union banned most imports of South African citrus fruit including oranges over the fears of the fungal black spot disease found in dozens of South African shipments. According to the European Commission, the ban will be implemented through the rest of this year and could be extended through some part of 2014 if needed. It is expected that the EU's ban on most of South Africa's citrus will have little impact as exports to the EU market usually dry up around October. However, if the EU extends the ban into the next year this will have great impact on South African exports.

Tariffs are not the main constraint for Egyptian orange exports but transportation costs, competitors' proximity to export markets, and seasonality are the major challenges. Turkey's competitive advantage in the Russian market is its geographic proximity which means lower transportation costs and shipping time. South Africa's competitive advantage is a different production season (July-September) for its Valencia oranges compared to Egyptian Valencia oranges harvested beginning in December. This sometimes gives advantages for South African exporters to saturate some markets before Egypt commences its own harvest.

## Production, Supply and Demand Data Statistics:

Oranges, Fresh Egypt	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	131,136	131,136	131,136	131,136		133,236	(HECTARES)
Area Harvested	97,696	97,696	113,000	113,000		115,000	(HECTARES)
Bearing Trees	8,450	8,450	8,900	8,900		9,100	(1000 TREES)
Non-Bearing Trees	8,260	8,260	8,180	8,180		8,220	(1000 TREES)
Total No. Of Trees	16,710	16,710	17,080	17,080		17,320	(1000 TREES)
Production	2,350	2,350	2,450	2,450		2,570	(1000 MT)
Imports	0	0	0	0		0	(1000 MT)
Total Supply	2,350	2,350	2,450	2,450		2,570	(1000 MT)
Exports	900	900	1,000	1,000		1,110	(1000 MT)
Fresh Dom. Consumption	1,365	1,365	1,365	1,365		1,375	(1000 MT)
For Processing	85	85	85	85		85	(1000 MT)
Total Distribution	2,350	2,350	2,450	2,450		2,570	(1000 MT)

Table (3) Egypt Export Statistics							
Commodity: 080510, Oranges, Fresh							
Year To Date: January - June							
Partner Country	Unit	CY2011		CY2012		CY2013	
		USD	Quantity	USD	Quantity	USD	Quantity
World	T	458,595,895	873,395	388,672,898	1,174,592	429,504,294	960,581
Russia	T	104,980,398	189,679	82,058,075	175,596	98,740,461	202,641
Saudi Arabia	T	81,017,727	159,506	67,189,284	167,380	67,954,752	172,854
Ukraine	T	41,212,339	76,523	27,956,110	263,662	31,288,724	68,563
United Arab Emirates	T	27,902,661	56,636	24,520,701	168,354	27,641,854	65,705
Netherlands	T	11,978,021	23,861	19,419,064	39,957	23,062,732	51,170
Iraq	T	13,853,146	28,405	8,142,063	19,959	21,490,065	53,080
United Kingdom	T	16,813,697	39,967	16,785,127	43,301	21,429,071	58,623
Sudan	T	14,612,388	29,026	11,800,254	27,864	17,364,607	43,213
India	T	2,828,651	4,858	8,760,817	16,763	14,141,976	27,142
Bangladesh	T	14,217,977	23,607	12,500,488	24,333	13,577,122	25,439
Kuwait	T	10,218,991	21,056	8,255,338	20,551	9,860,098	24,136
Lithuania	T	6,319,780	9,288	7,960,900	12,505	9,477,960	15,083
Jordan	T	5,330,066	10,726	4,175,050	9,949	8,917,615	20,902
Oman	T	8,279,999	17,673	7,068,328	17,895	6,899,796	17,573
Malaysia	T	3,235,232	5,748	4,742,381	9,806	6,234,083	12,630
Belarus	T	1,826,975	3,171	1,820,286	3,299	4,986,744	9,160
Qatar	T	3,551,469	7,123	3,594,454	9,051	4,566,284	10,684
Finland	T	4,627,954	7,372	4,080,480	6,338	3,923,233	6,998
Italy	T	1,357,400	2,084	2,046,090	3,814	3,704,603	7,227
Latvia	T	2,675,105	4,759	2,375,985	4,214	2,772,094	4,815

Source of Data: Global Trade Information Service GTIS